

**SPRINGCREEK TOWNSHIP**

MIAMI COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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# Dave Yost • Auditor of State

Board of Trustees  
Springcreek Township  
7730 N. Union-Shelby Road  
Piqua, Ohio 45356

We have reviewed the *Independent Auditors' Report* of Springcreek Township, Miami County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Springcreek Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 9, 2012

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**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Springcreek Township  
Miami County  
7730 N. Union-Shelby Rd.  
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the accompanying financial statements of the Springcreek Township, Miami County, (the Township) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of December 31, 2011 and 2010 for Springcreek Township, Miami County and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 11, 2012



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**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 22,318	\$ 76,425	\$ 98,743
Changes for Services	0	28,066	28,066
Intergovernmental Receipts	210,105	93,004	303,109
Special Assessments	2,870	0	2,870
Earnings on Investments	624	416	1,040
Miscellaneous	13,915	0	13,915
<i>Total Cash Receipts</i>	<u>249,832</u>	<u>197,911</u>	<u>447,743</u>
<b>Cash Disbursements</b>			
Current:			
General Government	166,753	0	166,753
Public Safety	91,506	31,855	123,361
Public Works	6,415	22,397	28,812
Health	963	0	963
Debt Service:			
Redemption of Principal	6,443	6,443	12,886
Interest and Other Fiscal Charges	335	335	670
<i>Total Cash Disbursements</i>	<u>272,415</u>	<u>61,030</u>	<u>333,445</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(22,583)</u>	<u>136,881</u>	<u>114,298</u>
<i>Net Change in Fund Cash Balances</i>	(22,583)	136,881	114,298
<i>Fund Cash Balances, January 1</i>	<u>278,237</u>	<u>305,078</u>	<u>583,315</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	441,959	441,959
Unassigned (Deficit)	255,654	0	255,654
<i>Fund Cash Balances, December 31</i>	<u>\$ 255,654</u>	<u>\$ 441,959</u>	<u>\$ 697,613</u>

The Notes to the Financial Statements are an integral part of this statement.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	GOVERNMENTAL FUND TYPES		Total
	General	Special Revenue	(Memorandum Only)
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 23,320	\$ 76,817	\$ 100,137
Changes for Services	0	28,027	28,027
Intergovernmental Receipts	53,840	95,005	148,845
Special Assessments	2,003	0	2,003
Earnings on Investments	720	480	1,200
Miscellaneous	10,566	431	10,997
<i>Total Cash Receipts</i>	<u>90,449</u>	<u>200,760</u>	<u>291,209</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	173,883	0	173,883
Public Safety	802	71,628	72,430
Public Works	4,699	37,680	42,379
Capital Outlay	200	7,999	8,199
Debt Service:			
Redemption of Principal	12,219	0	12,219
Interest and Other Fiscal Charges	1,337	0	1,337
<i>Total Cash Disbursements</i>	<u>193,140</u>	<u>117,307</u>	<u>310,447</u>
<i>Total Receipts Over/(Under) Disbursements</i>	<u>(102,691)</u>	<u>83,453</u>	<u>(19,238)</u>
<b>Fund Cash Balances, January 1</b>	<u>380,928</u>	<u>221,625</u>	<u>602,553</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 278,237</u>	<u>\$ 305,078</u>	<u>\$ 583,315</u>

The Notes to the Financial Statements are an integral part of this statement.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Springcreek Township, Miami County, Ohio (the Township) is a body politic and corporate established in 1807 for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township provides the following services: police and fire protection, road and bridge maintenance, cemetery maintenance, and emergency medical services as well as general governmental services. The Township contracts with the Fletcher-Brown Township Fire Department and the City of Piqua for fire protection and emergency ambulance services. Police protection is provided by the Miami County Sheriffs' Department.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. The basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains and losses at the time of sale as receipts of disbursements, respectively.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**General Fund:**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Fund Accounting** (Continued)

**Special Revenue Funds:**

These funds are used to account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**Gasoline Tax Fund** – This fund accounts for gasoline tax receipts and their use as they pertain to the Township’s roads.

**Road and Bridge Fund** – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**Fire Levy Fund** – This fund receives tax revenues from residents and pays Fletcher-Brown Township Fire Department and City of Piqua to provide fire services.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus the cash balance as of January 1. The County Budget Commission must also approve estimated resources.

**Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	<u>2011</u>	<u>2010</u>
Demand Deposits	\$ <u>697,613</u>	\$ <u>583,315</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2011 was as follows:

<b>2011 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 244,780	\$ 249,832	\$ 5,052
Special Revenue	204,802	197,911	(6,891)
Total	<u>\$ 449,582</u>	<u>\$ 447,743</u>	<u>\$ (1,839)</u>

<b>2011 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 509,825	\$ 272,415	\$ 237,410
Special Revenue	500,116	61,030	439,086
Total	<u>\$ 1,009,941</u>	<u>\$ 333,445</u>	<u>\$ 676,496</u>

Budgetary activity for the year ending December 31, 2010 was as follows:

<b>2010 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 101,653	\$ 90,449	\$ (11,204)
Special Revenue	193,807	200,760	6,953
Total	<u>\$ 295,460</u>	<u>\$ 291,209</u>	<u>\$ (4,251)</u>

<b>2010 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 482,581	\$ 193,140	\$ 289,441
Special Revenue	415,432	117,307	298,125
Total	<u>\$ 898,013</u>	<u>\$ 310,447</u>	<u>\$ 587,566</u>



**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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**3. BUDGETARY ACTIVITY (Continued)**

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded actual receipts in 2011 in the Motor Vehicle License, Gasoline Tax, Road and Bridge and Fire District funds by \$372, \$2,123, \$343 and \$4,053, respectively. In 2010, the estimated resources exceeded actual receipts in the General Fund by \$11,205.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. DEBT**

Debt Outstanding at December 31, 2011, was as follows:

	<u>Principal</u>	<u>Interest</u>
Unity National Loan	\$ 5,574	5.25%

In May 2007 the Township entered into a five year note with Unity National Bank for \$59,382 at 5.25% interest for the purchase of a new International Truck. The note is to be paid in monthly installments through May 2012.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Unity National Bank Truck Note	
	<u>Principal</u>	<u>Interest</u>
2012	\$5,574	\$74
Total	\$5,574	\$74

**6. RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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**6. RETIREMENT SYSTEM (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**7. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Government does participate participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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**7. RISK MANAGEMENT (Continued)**

had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate participates in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	<b>2010</b>		<b>2009</b>	
	<u><b>OPRM</b></u>	<u><b>OPHC</b></u>	<u><b>OPRM</b></u>	<u><b>OPHC</b></u>
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	<u>(4,845,056)</u>	<u>(1,055,096)</u>	<u>(4,852,485)</u>	<u>(1,253,617)</u>
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 11, 2012, the date on which the financial statements were available for issue. The review did not reveal any subsequent events which would warrant inclusion here.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Springcreek Township  
Miami County  
7730 N. Union-Shelby Rd.  
Piqua, Ohio 45356

To the Board of Trustees:

We have audited the financial statements of Springcreek Township, Miami County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 11, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. For the year ended December 31, 2011, we noted the Township implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency, in internal control over financial reporting, that we consider a material weakness and other deficiencies we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that material misstatement of the entity's financial statement misstatements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

Springcreek Township,  
Miami County

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Required by *Government Auditing Standards*

Page 2

### **Internal Control Over Financial Reporting** (continued)

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-002 described in the accompanying schedule of findings to be a significant deficiency.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings as items 2011-002 and 2011-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 11, 2012.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and Township's Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

June 11, 2012

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-001**

**Material Weakness**

**Ohio Admin Code Section 117-2** provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The Township did not maintain an accurate record of all monies received and disbursed. Adjustments were needed to reclassify receipts and expenditures to proper accounts. The following were noted:

- In 2011 and 2010, debt payments were improperly reflected as capital outlays
- Miscellaneous receipts and disbursements were posted as other financing sources and uses, adjustments were needed to properly reflect these receipts and disbursements
- Intergovernmental Receipts were posted as Property and Other Local Taxes, adjustments were needed to properly reflect these receipts.
- Bank reconciliations were not always done on a monthly basis
- Disbursements were issued without proper supporting docuemntation

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds, reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected and increases likelihood that the Township's financial statements will be misstated.

Response: The Fiscal Officer will review the Township handbook for proper reporting of receipts and disbursements and will make an effort to prepare bank reconciliations in a timely manner.

**FINDING NUMBER 2011-002**

**Significant Deficiency**

**Ohio Rev. Code Section 9.38** states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the receipt. If the amount of the daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, if properly secured, but the deposit must be made no later than 3 business days after being received.

To reduce the risk of misappropriation of Township assets and to comply with the abovementioned section of code, all cash collections should be deposited within the 24 hour requirement or a policy be adopted by the Township that permits officials to hold any money under the \$1,000 threshold for no more than 3 business days, if properly secured. Additionally, procedures should be implemented to provide that the Fiscal Officer deposit all receipts to the bank in a timely and complete manner.

**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2011-002 (continued)**

General receipts were not found to have been deposited in a timely manner. Of the manual checks reviewed, 91 percent and 90 percent for 2011 and 2010, respectively, were noted as being deposited 7 days or more after the issue date on the check.

Response: The Township will review current procedures and make any necessary changes.

**FINDING NUMBER 2011-003**

**Noncompliance**

**Ohio Rev. Code Section 5705.36** allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation. The Township had estimated receipts which exceeded actual in all funds as follows:

<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<b>2011</b>			
Motor Vehicle License	\$ 7,666	\$ 7,294	(\$ 372)
Gasoline Tax	88,249	86,126	(2,123)
Road and Bridge	27,545	27,202	(343)
Fire District	81,342	77,289	(4,053)
<b>2010</b>			
General	\$ 101,653	\$ 90,449	(\$ 11,204)
Motor Vehicle License	7,796	7,666	(130)
Road and Bridge	26,548	26,378	(170)

The Township should monitor appropriations and expenditures throughout the year, making amendments to appropriations as needed to comply with the requirement that expenditures cannot exceed the amounts appropriated at the legal level of control. Implementing these procedures will also reduce the risk that the Township expends or certifies as available more resources than were legally appropriated by the Township.

Response: The Township will monitor budgetary compliance more closely in the future.



**SPRINGCREEK TOWNSHIP  
MIAMI COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; <b>Explain</b>
2009-001	Ohio Admin Code Sec 117-2 - Township did not maintain adequate records of monies received and disbursed	No	Reissued as Finding Number 2011-001
2009-002	Ohio Rev Code Sec 9.38 - Receipts were not deposited in a timely manner.	No	Reissued as Finding Number 2011-002
2009-003	ORC Sec. 5705.36 (A)(3) - Failure to amend estimated receipts resulting in estimated receipts being greater than actual	No	Reissued as Finding Number 2011-003

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# Dave Yost • Auditor of State

**SPRINGCREEK TOWNSHIP**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 23, 2012**